



Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 21-Dec-2020 | Report No: PIDISDSA30875



BASIC INFORMATION

A. Basic Project Data

Country West Bank and Gaza	Project ID P174781	Project Name Additional Financing for COVID-19 Response under the Third Municipal Development Project	Parent Project ID (if any) P159258
Parent Project Name GZ-Third Municipal Development Project	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 23-Dec-2020	Estimated Board Date 01-Feb-2021
Practice Area (Lead) Urban, Resilience and Land	Financing Instrument Investment Project Financing	Borrower(s) Palestine Liberation Organization (For The Benefit of the Palestinian Authority)	Implementing Agency Municipal Development Lending Fund (MDLF)

Proposed Development Objective(s) Parent

The project development objective (PDO) is to enhance the institutional capacity of municipalities in the West Bank and Gaza for more accountable and sustainable service delivery.

Components

- Municipal Performance and Service Delivery
- Emergency COVID-19 municipal response
- Capacity Development
- Municipal Partnership Projects
- Project Implementation Support and Management Cost
- Emergency Labor-intensive Gaza Municipal Services
- Contingency Emergency Response Component (CERC)

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	20.00
Total Financing	20.00
of which IBRD/IDA	0.00
Financing Gap	0.00



DETAILS

Non-World Bank Group Financing

Trust Funds	20.00
Partnership for Infrastructure Development MDTF	5.00
Special Financing	15.00

Environmental Assessment Category

B-Partial Assessment

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **The COVID-19 outbreak has spread rapidly across the world since December 2019.** On March 11, 2020, the World Health Organization (WHO) declared the coronavirus outbreak a global pandemic. Various mitigation measures, such as lockdowns, closure of schools and non-essential business, and travel restrictions have been imposed by most countries to limit the spread of the virus and ease the strain on health care systems. Affected countries are struggling with the public health response, particularly those with weak capacity, including in the Palestinian territories. The WHO has identified the risk to the Palestinian territories as very high compared to other countries due to insufficient medical resources.

2. **Despite taking early measures to respond to the pandemic, a second wave surged by end of June forcing the reintroduction of partial movement restrictions in the West Bank and Gaza (WB&G).** Since March 5, 2020, when the first cases of COVID-19 were confirmed, the Palestinian Authority (PA) acted decisively to stem its spread. It announced a state of emergency, initially for a period of one month,¹ closing all education facilities. A decision was also taken to close major Palestinian cities where the highest numbers of infections occurred, and instructions were issued to shut down all economic activities in the West Bank. Further, the PA restricted movement between governorates in the West Bank, while Gaza crossings were completely closed for people, except humanitarian cases. The full lockdown and closures effectively ended on May 25, 2020. However, by the end of June, the second wave of the epidemic surged. By beginning of July, new limited measures restricting movement and activity were reintroduced.

¹ The state of emergency has been extended for nine (9) months.



Nonetheless, the cases again peaked mid-September and have been increasing in October and November, necessitating recent new measures to limit the spread. As of December 3, 2020, there are 103,574 confirmed cases in the WB&G, with 79,384 recovered and 854 deaths.

3. **The outlook for the Palestinian economy looks grim especially after the second wave of the COVID-19 outbreak.** Following three consecutive years of economic growth below two percent, 2020 is an exceptionally difficult year. It is projected the COVID-19 crisis will have a substantial negative impact on the economy and Palestinian people. The Gross Domestic Product (GDP) for the entire year is expected to contract by about 8 percent.² Recovery is expected to be gradual and modest in 2021, with growth returning to about 2.5 percent, as full normalization of activity is not expected before the second half of 2021. The economic decline is expected to have a negative impact on standards of living and wellbeing of Palestinians. The unemployment rate in the Palestinian territories has increased further as a result of COVID-19. The rate stood at 28.8 percent at the end of the third quarter of 2020, with some 121,000 employees losing their jobs in the second quarter alone.³ Of this, some 96,000 people have lost jobs in the Palestinian territories, especially in sectors that have been affected by social distancing measures, such as tourism, restaurants and construction. Some 25,000 Palestinian workers that regularly cross to Israel for work lost their jobs in the second quarter of 2020. This headline story, however, masks a regional divergence. In Gaza, 48.5 percent of those in the labor force were unemployed in the third quarter of 2020, while the West Bank recorded an unemployment rate of 18.2 percent during the same period.

Sectoral and Institutional Context

4. **Palestinian Local Government Units (LGUs) are at the forefront of combating the COVID-19 pandemic.** Local governments have de jure functional assignment of responsibilities in service delivery and thus are at the forefront of combating the COVID-19 pandemic, due to their proximity to affected communities, emergency management responsibilities at the local level and local prerogatives in managing public space.⁴ Local governments have key responsibilities providing: (i) city-wide emergency actions to prevent transmission and care for the affected, (ii) targeted emergency support to the most vulnerable people from a health and livelihood perspective, and (iii) recovery efforts through implementation of economic recovery programs and investments targeted at firms, communities and livelihoods.⁵ In the WB&G, the Prime Minister mobilized the LGUs to help respond to the pandemic by assembling local emergency committees to deal with relief and response. LGUs are responsible for managing local public services and facilities which are essential in the COVID-19 crisis, including: sanitation and public health (hygiene); sanitization and cleaning of public roads and facilities; maintenance of solid waste collection, transport, and disposal; mandating social distancing and rudimentary contact tracing, and in some localities hosting quarantine locations. However, given the scarce resources and weaker economic activity as a result of the restrictions on movement, municipalities are finding it difficult to finance these emerging needs. The pandemic has adversely affected their ability to sustain revenue generation to support service delivery functions. The results of a survey carried out in June 2020 by the Municipal Development Lending Fund (MDLF) show a decline of 17 percent and 39 percent in municipal

² Economic Developments in the Palestinian territories, World Bank Group, November 24, 2020.

³ Economic Developments in the Palestinian territories, World Bank Group, November 24, 2020.

⁴ COVID-19: Safeguarding Lives and Livelihoods- A Checklist Guide for Local Governments, World Bank Group.

⁵ CDD operations in COVID-19, Operational Guidance Note, June 2, 2020, World Bank Group.



Gross Revenues and Own Source Revenues (OSR), respectively, in the first five months of 2020 compared to the same period of 2019. Basic local services are starting to deteriorate even as households struggle with a loss of income resulting from prolonged spells of lockdowns. Transfers from the center are precarious as the PA is facing revenue shortfalls caused by the general economic slowdown.

5. **Supporting LGUs in the response and recovery effort is critical.** Recognizing the importance of maintaining immediate services to citizens and the role of the LGUs in this critical government function, the PA officially requested the Bank to provide support to LGUs for COVID-19 response and recovery in a letter received from the Ministry of Finance (MoF) on April 2, 2020. The initial Bank reaction was to restructure the ongoing Third Municipal Development Project (MDP-3) to allow municipalities to use up to 20 percent of their project grants for recurrent expenditures. This is facilitating immediate relief for the crisis by financially supporting the LGUs' ongoing COVID-19 response activities. The Bank has also authorized the preparation of an Additional Financing (AF) for MDP-3 (this proposal) to further support municipal response and recovery efforts. The proposed AF will support sustaining municipal service provision, creating job opportunities for vulnerable households, and enhancing preparedness of municipalities to respond to disasters and shocks, including health crises similar to COVID-19. It will provide resources to municipalities to address the deteriorating fiscal situation (due to the lock-down induced economic slowdown) that constrains continued provision of key municipal services, to generate employment to most vulnerable families, and allow flexibility in the use of AF resources for emergency needs in case of further outbreaks.

6. **The proposed Bank AF in the amount of US\$20 million (US\$15 million from the Trust Fund for Gaza and the West Bank (TFGWB) and US\$5 million from the Palestinian Partnership for Infrastructure Development (PID-MDTF)) will support sustaining municipal service provision, create job opportunities for vulnerable households, and enhance preparedness of municipalities to respond to disasters and shocks.** The AF will: a) provide resources to municipalities to address the deteriorating fiscal situation (due to the pandemic-induced economic slowdown) that constrains provision of key municipal services, and generate employment to the vulnerable population; and b) allow flexibility in the use of resources for emergency response in the face of further outbreaks. The proposed AF aims to scale up support for local governments through: (i) provision of emergency public goods; (ii) support to recurrent costs to municipalities in order to keep essential services running where their revenues have declined dramatically; and (iii) Technical Assistance (TA) to enhance preparedness of municipalities to respond to disasters and shocks and strengthen resilience at the local level. The proposed interventions are fully aligned with the World Bank Group COVID-19 Crisis Response Approach Paper, delivering solutions across all three described stages (relief, restructuring and resilient recovery and response).⁶ The AF will augment the Project's funding to carry out labor-intensive public works (LIPW) schemes that will enable municipalities to sustain a minimum level of services and provide employment and support for lost incomes. The AF will provide additional grants to help municipalities with recurring expenditures and to finance the temporary LIPW operations and maintenance (O&M) and infrastructure projects. The activities will contribute to economic recovery through the temporary jobs these will create and the local services that they will help sustain.

⁶ The WBG COVID-19 Crisis Response Approach Paper, June 2020.



7. At the client’s request, the Proposed AF to the MDP-3 will finance the cost associated with the scaling up of project activities to support the Emergency Municipal Response to the COVID-19 pandemic. The initial sets of activities to be supported by the AF are:

(i) **Emergency labor-intensive municipal services.** The AF will provide financial support to municipalities to maintain local services provision through labor-intensive O&M and local infrastructure development activities as well as municipal back-office support. In addition to supporting the O&M and continuity of service provision, these grants will facilitate temporary jobs through LIPW activities, partially addressing the wide-scale unemployment and loss of income from the pandemic.

(ii) **Recurrent expenditures.** Given the severe funding constraints municipalities are facing as a result of the pandemic-induced economic crises, support will be provided to municipalities to cover part of their recurrent expenditures (excluding wages and salaries).

(iii) **TA to build resilience.** Support will be provided to municipalities in the formulation and execution of policies pertaining to epidemic and emergency response (e.g. emergency operations plans, repurposing of public systems and spaces, and regulating businesses and private facilities at the local level, etc.).

C. Proposed Development Objective(s)

Original PDO

8. The project development objective (PDO) is to enhance the institutional capacity of municipalities in the West Bank and Gaza for more accountable and sustainable service delivery.

Current PDO

9. The original PDO is retained. No changes are being introduced.

Key Results

10. The proposed AF will enable the municipalities in the WB&G to scale up project activities to support the Emergency Municipal Response to the COVID-19 pandemic. Achievement of outcomes will be evaluated in terms of:

- (i) number of direct beneficiaries under the Emergency COVID-19 response;
- (ii) percentage of beneficiaries satisfied with the impact achieved under the Emergency COVID-19 response;
- (iii) number of paid working days created through the LIPW interventions supported under the Emergency COVID-19 response;
- (iv) number of municipalities preparing crisis management and resilience plans.

D. Project Description

11. The original Project has five (5) components: (a) Component 1 “Municipal Performance and Service Delivery” allocates performance-based grants for capital investments and operating expenditures through a transfer formula based on population, need and municipal performance; (b) Component 2 “Capacity Development of Municipalities and Palestinian Institutions” supports municipalities to graduate



to a higher performance category and supports building the capacity of national level institutions namely, the MDLF and the Ministry of Local Government (MoLG); (c) Component 3 “Municipal Partnership Projects” provides TA to municipalities to engage more effectively with the private sector and develop joint and innovative investments for municipal service delivery and local economic development; (d) Component 4 “Project Implementation Support and Management Costs” provides monitoring and evaluation (M&E), outreach and communication, mobilization of local technical consultants for the engineering supervision of Component 1, and MDLF management cost; and (e) Component 5 “Emergency Labor-Intensive Gaza Municipal Services” allocates grant to municipalities in Gaza to expand local service provision through: (i) O&M activities aimed at restoring and/or maintain critical municipal services; and (ii) and Investment Grants for priority municipal investments subprojects employing labor intensive methods in implementation. A Contingent Emergency Response Component (CERC) was added as part of a level 2 restructuring of the Project approved on May 10, 2020, to allow for access to financing in response to imminent crises or emergencies throughout the lifetime of the Project.

12. The proposed AF will finance costs associated with scaling-up of project activities to support the emergency municipal response to the COVID-19 pandemic. The activities to be supported by the AF are:

(a) Newly added Component 6: Emergency COVID-19 Municipal Response (US\$17.6 million: US\$13.95 million from TFGWB and US\$3.65 million from PID-MDTF). The AF will provide financial support to municipalities: (i) to maintain local service provision and facilitate temporary job creation through LIPW, partially addressing the wide-scale unemployment and loss of income from the pandemic; (ii) and partially support municipal recurrent expenditures. There will be a special focus on female recruitment and integration of women’s needs and priorities in select activities.⁷ Component 6 will apply simplified procurement procedures and the option of retroactive financing per OP/BP 10.00 paragraph 12. The two (2) subcomponents are as follows:

- (i) **Subcomponent 6a “Emergency labor-intensive municipal services”** (total US\$10.56 million: US\$8.37 million from TFGWB and US\$2.19 million from PID-MDTF; 60 percent of Component 6). Financial support will be provided to all municipalities in the WB&G to maintain local service provision through labor-intensive O&M and local infrastructure development, and back-office activities. This will facilitate temporary job creation through LIPW. The type of activities to be supported build on the type of activities being supported under Component 5 “Emergency labor-intensive Gaza municipal services”. These activities can include the following:
 - a. Road and public transport (construction or maintenance of access roads, cycle and handcart paths, small bridges, building bus stops, sidewalk ramps and steps)
 - b. Drainage (construction or maintenance of drainage channels, culvert crossings, infiltration pits)
 - c. Water (construction or maintenance of water distribution schemes, water kiosks, wells, public washing facilities, water harvesting and storage structures)

⁷ Gender considerations can be applied to the building and maintenance of roads, water distribution schemes, health and education buildings, markets and public spaces to ensure equal accessibility, convenience, and safety. (UN Women-Promundo 2017).



- d. Sanitation (construction or maintenance of appropriate sewerage schemes and waste disposal pits)
 - e. Health and Education (building or maintenance of pre-school buildings, training facilities, community clinics and health centers, childcare centers)
 - f. Market (construction or maintenance of new public markets, building storage facilities, access roads and parking, installing latrines and waste disposal pits)
 - g. Public space, parks, community facilities (building or maintenance of multi-purpose community halls, constructing new parks)
 - h. Solid Waste Management (solid waste collection and sorting, and construction of recycling and composting facilities)
- (ii) **Subcomponent 6b “Recurrent expenditures”** (total US\$7.04 million: US\$5.58 million from TFGWB and US\$1.46 million from PID-MDTF; 40 percent of Component 6). Support will be provided to municipalities through a one-time payment to cover part of their recurrent expenditures (excluding wages and salaries). The Project Operational Manual (POM) will include the full list of eligible expenditures to be financed under the proposed AF.

(b) Expansion of Component 2 “Capacity development to Municipalities and Palestinian Institutions” (US\$1.0 million from PID-MDTF). A new capacity building package for municipalities will be added under this component, that will provide TA to build resilience and municipal response capacity. Support will be provided to municipalities in the formulation and execution of policies pertaining to pandemic and emergency response.

(c) Supplementing budget of Component 4 “Project Implementation Support and Management Costs” (US\$1.40 million: US\$1.05 million from TFGWB and US\$0.35 million from PID-MDTF). The AF will provide for additional project implementation support through funding of goods and consultants’ services for M&E, outreach and communication, and the MDLF management fee.

13. All municipalities in the WB&G can apply for funding under Component 6. The total funds of US\$17.6 million will be granted to eligible municipalities based on two allocation criteria; (1) relative impact of COVID-19 on each municipality (50 percent of total allocation); and (2) relative weight of municipalities determined through an equalization grant of EUR50,000 and per capita allocation (50 percent of total allocation).⁸ The revised POM will outline the detailed allocation criteria, and be subject to no-objection by Development Partners (DPs).

E. Implementation

Institutional and Implementation Arrangements

14. No changes would be made to the implementation arrangements. The MDLF, the Executing Agency of the MDP-3, will continue to be responsible for project implementation including safeguards, fiduciary, and M&E. The current safeguards instruments in place for the parent operation are sufficient

⁸ This component would apply an allocation mechanism different from the formula applied in Component 1 in order not to distort the current performance based-system.



and in full compliance with the Bank’s OP/BPs. All potential impacts will be addressed through the existing safeguards instruments.

15. The activities to be supported by the AF are expected to be completed by February 28, 2023. The municipalities are currently preparing their respective O&M plans that will be the basis of selecting O&M activities to be supported by the AF. They will also begin the process of identifying and prioritizing subproject proposals for review by MDLF for funding support with the investment grants. The original closing date will be extended by one (1) year from February 28, 2022 to February 28, 2023.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

As in the Parent Project, the location and target beneficiaries under the proposed AF will be the 130 municipalities in the West Bank and 25 municipalities in Gaza.

G. Environmental and Social Safeguards Specialists on the Team

Helen Z. Shahriari, Social Specialist
Chaogang Wang, Social Specialist
Manal M F Taha, Environmental Specialist

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	Yes	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	
Safety of Dams OP/BP 4.37	No	



Projects on International Waterways OP/BP 7.50	No
Projects in Disputed Areas OP/BP 7.60	No

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The proposed Additional Financing (AF) will trigger the same safeguards policies as the parent Project. It will not invoke any additional safeguards policies nor raise the category of the Project to Category A as defined under OP/BP 4.01. The parent Project was assigned environmental assessment category “B” based on the OP 4.01 Environmental Assessment that will remain unchanged for the AF.

Environmental and social (E&S) impacts of the parent Project activities are expected to be positive after implementation due to the improvement in municipal services. The subprojects financed under the parent Project have Moderate E&S risks. Potential impacts for activities under Component 1 include dust generation, noise and air pollution, traffic and road safety, community and workers’ health and safety, and access to assets and livelihood activities. Other risks include pest management related to the supply of pest control materials to the health departments in the municipalities, occupational health and safety (OHS), community health and safety, pollution, and labor conditions. Social risk include potential land acquisition for a few subprojects. Additionally, the activities of parent Project have been assessed against the COVID-19 Specific Risk Considerations. The assessment identified potential risks and impacts related to the lack of personal protection equipment (PPE), municipal waste handling and disposal, grievance related to labor, and Sexual Exploitation and Abuse and Sexual Harassment (SEA/SH).

The proposed activities under the AF are similar to those under the original Project, i.e., small investment grants for construction and rehabilitation of infrastructure and Operation and Maintenance (O&M) activities and expenses. Under the Technical Assistance (TA) package introduced under Component 2, the AF will finance activities that will enhance municipal response to future emergencies. Therefore, the AF activities are classified as environmental Category B, similar to the parent Project. The E&S risks are expected to be Moderate, temporary and localized and will primarily occur during the construction phases.

Component 6a (labor-intensive municipal infrastructure subprojects) poses minor site specific impacts that may include dust generation, noise, air pollution, community health and safety, traffic and road safety. Other risks identified relate to exposure to COVID-19, such as workers health and safety, municipal solid waste disposal, and lack of PPEs. Component 6b (O&M) risks relate mainly to workers health and safety, lack of PPEs, workers exposure to COVID-19, and municipal solid waste handling and disposal. The TA package is of low environmental risk and will enhance the municipal response to future pandemics or emergencies.

Temporary negative impacts will be mitigated using procedures described in the Environmental and Social Management Framework (ESMF) that was updated in May 2020 to address compliance with the World Health Organization (WHO) and Ministry of Health guidelines to combat COVID-19. Mitigation measures were reflected in the project ESMF, the Project Operational Manual (POM), and in the subprojects Environmental and Social Management Plans (ESMPs). Such mitigation measures include scheduling working hours, spraying water, covering the trucks, OHS procedures and plans relative to each activity’s potential risk, compliance with WHO and Ministry of



Health recommendations, safe solid waste handling and disposal including strict adherence to use of PPEs when dealing with municipal solid waste (the management of medical waste is strictly handled by other different entities), and workers health and access to health care system. Road and traffic safety measures, traffic plans, and OHS of personnel are also reflected in the ESMPs and bidding documents. Measures to monitor workers contracts, insurance coverage, and OHS are reflected in the site-specific ESMPs and the bidding document.

Also, the ESMF includes a Pest Management Plan (PMP) that presents specific guidelines to identify the allowed materials according to WHO and the Palestinian Ministry of Health. The PMP also presents the mitigation measures for safe handling, storage and disposal of the pests, management for insects and rodent control, and health and safety measures to minimize exposure to COVID-19.

The Project has an established set of subproject screening criteria and acceptance/rejection criteria (e.g., a negative list). These are detailed in the updated ESMF as well as in the POM. The Municipal Development and Lending Fund (MDLF) will continue to be responsible for ensuring that the approved subprojects comply with the screening criteria.

Furthermore, as described in the ESMF, project-specific sectorial ESMPs will continue to be prepared to manage and mitigate adverse impacts. The ESMPs will include requirements to comply with WHO guidelines on use of PPEs, social distancing, training workers on PPEs, health insurance, access to health system, and awareness on SEA/SH in response to COVID-19.

The ESMF has been updated to address potential additional requirements for consultations and to mitigate potential risks regarding discrimination and social inclusion, Gender Based Violence (GBV), SEA/SH, labor behavioral and conditions, and mechanisms to address grievances related to labor and SEA/SH. The ESMF has addressed risks related to poor working conditions and inadequate contractual (formal or informal) arrangements. Mitigation measures listed in the ESMF that are associated to the labor intensive municipal services' risks include (i) contractor/municipality is not allowed to employ workers under the age of 18; (ii) all workers should be covered by a valid insurance and health care; (iii) workers should be provided with proper PPE's and trained on using them; (iv) code of conduct should be oriented for workers and (v) complaints channels should be made available for all workers (formal and informal). The updated ESMF was disclosed on December 19, 2020, prior to appraisal. Moreover, the POM will be further updated to reflect these requirements prior to declaration of effectiveness.

OP 4.12 is triggered since there is a possibility that some of the subprojects under Component 1, 5 and 6 might require land take. A Land Acquisition and Livelihood Policy Framework (LALPF) was prepared for the parent Project and disclosed. The LALPF is prepared to set up the criteria to be followed in case any subproject would need land or would have an impact on livelihoods. The LALPF will guide the preparation of subproject-specific Resettlement Action Plans (RAPs), when needed. RAPs would be prepared, consulted, and disclosed before the beginning of any civil works. Since detailed subprojects funded under each municipality are not identified by appraisal stage, individual RAPs could not be prepared. Subprojects will generally be built on public land. At the last supervision mission (August 2020), MDLF informed the Bank that none of the approved subproject proposals required land or had impact on livelihoods, thus did not require preparation of RAPs.

The type of subprojects to be supported under the AF will be of the same nature as the those currently financed or pipelined under MDP-3. The LALPF for the original Project therefore applies to this AF. However, it has been updated to include new requirements regarding consultations to ensure that the principles of the Environmental and Social Standard (ESS10) are adhered to. The update also includes a public consultation meeting that was conducted on November 16, 2020, to discuss the project's activities including the AF, the E&S risks and mitigation measures including COVID-19 related risks, and information on the updated Grievance Redress Mechanism (GRM) manual



including GBV referrals. The updated LALPF was disclosed on December 17, 2020, prior to appraisal.

A grievance mechanism was established for the Parent Project according to the Palestinian Council Resolution No. 60 of 2009 and its amendment of 2015, mandating the establishment of a complaints mechanism at the Ministry of Local Government (MoLG) and at the municipal level. 11 complaints were received, handled, and resolved by the municipalities, in coordination with MDLF and the concerned contractors, during the implementation of subprojects under cycle I and cycle II. The complaints were mainly related to construction activities, such as the accumulation of rain and mud, wall cracks, road leveling, etc.

A GRM manual was prepared for the Project in January 2020, approved by MoLG and disclosed on the MDLF website page. Municipalities were informed about the GRM manual during the orientation workshops conducted by the MDLF team for Cycle II. The contact number for GRM shall be displayed on the sign boards for each of the subprojects during construction. For the AF, the Project GRM manual was updated to include complaints' filing' measures to minimize risk of exposure to COVID-19, and channels for accepting GBV and SH complaints, anonymous complaints and workers grievances. The updated GRM also includes a grievance mechanism log that shows information on SEA/SH/GBV with separate coding. Due to the high sensitivity of SEA/SH/GBV, the project's GRM will ensure confidentiality and survivor-centered approach for SEA/SH grievances. The updated manual was discussed with the municipalities during the consultation session that was conducted in November 2020. MDLF shared the updated manual with the municipalities. The Social consultants will provide continuous on-job training to municipalities on the grievance procedures and will ensure that municipalities have assigned a GRM focal point. MDLF will monitor that complaints are dealt with properly and in accordance with the GRM manual. Information about the existence of the GBV grievance mechanism and of channels to accept and respond to anonymous grievances will be communicated to all stakeholders during the consultation meetings.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

There are no potential indirect or long-term impacts of the AF activities in the project area. Most of the activities are small and limited in scope. They mainly consist of rehabilitation of municipal infrastructure and facilities, with minor new construction.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Subprojects are defined within the framework of a municipality-level master planning process, Strategic Development and Investment Plans (SDIPs), and Operation and Maintenance Plans to ensure that interventions are designed appropriately and the cumulative impact of interventions is adequately assessed.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

MDLF is the executing agency of the original project and therefore the AF. The MDLF has adequate capacity to implement safeguards instruments, manage E&S risks, screen sub-projects, monitor the implementation of the ESMP, and ensure the compliance of municipalities with the Bank's safeguards policies during implementation. It has a full-time environmental safeguards specialists and a social safeguards specialists in its offices in Ramallah and Gaza. They have the relevant knowledge and operational experience having been involved in the implementation of MDP-2 and other Bank-supported projects. Moreover, in order to ensure a smooth implementation of MDP-3, four (4) environmental consultants and four (4) social consultants providing technical assistance to municipalities on environmental and social safeguard requirements were recruited.



Municipalities have also gained knowledge and experience in implementing environmental and social safeguards. The WB&G municipalities have demonstrated adequate capacity of managing E&S risks and implementing the ESMPs successfully. The larger municipalities have One-Stop Shops that also serve as GRM. The remaining municipalities have other channels for complaining such as complaints box, or calling/visiting the Municipality Engineer directly. However, considering the high number of municipalities involved, capacity is uneven and needs to be continuously built throughout the implementation of MDP-3. Weak capacity municipalities showed lack of adequate capabilities during ESMP preparation, and the Project took the corrective measure of reintroducing sectoral ESMPs as guides.

Moreover, the ESMF includes environmental penalties that have proven to have created a positive impact when applied on the ground as the amended penalty covenants simplified the process. These lessons learned are reflected in the ESMF, and informed the POM and the preparation of the TOR of the Local Technical Consultants who will support the municipalities.

The ESMF includes a detailed assessment of the regulatory and institutional framework and capacity of MDLF, the environmental assessment of potential impacts and mitigation measures, an environmental management plan, as well as a monitoring plan with clear indicators and mechanisms for implementation and reporting. It also describes the training and capacity building required for effective environmental safeguards management at the municipal level. During ESMF preparation and ESMF updating process, the MDLF team consulted with other Development Partners supporting the MDP-3 through parallel financing, and agreement was reached that the Bank safeguards policies will apply to all MDP-3 activities regardless of financing source.

MDLF institutional capacity for safeguards management, including compliance monitoring and reporting, continues to be high as was the case in MDP-1 and MDP-2. The Project is in compliance with the safeguard requirements. The overall safeguards rating, which has been Moderately Satisfactory since the start of implementation, has been upgraded to Satisfactory based on the improvements in overall safeguards performance recorded following the last implementation support mission (August 2020). The implementation of activities related to provision and usage of pest control materials also complies with the ESMF requirements and is rated satisfactory.

The MDLF performance is currently Satisfactory in terms of preparation of environmental assessments; ESMP formulation, implementation, supervision, and monitoring (including documentation) and reporting. Also, the MDLF ensures consultations are carried out with Project-affected people (PAP) and the required documentation of such consultations are prepared.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

The parent Project includes public consultation procedures which will also be applied for the AF. During project preparation, consultations were conducted on the project design, the GRM and the updated safeguards instruments using a blend of traditional and digital outreach. A Stakeholder Engagement Plan (SEP) was prepared and incorporated in the updated ESMF. During the implementation phase, after subprojects are identified, potential impacts and measures are discussed with the community based on the prepared SEP. The LALPF also includes proper consultation procedures in the case of impact on land or livelihoods. A blend of traditional and digital platforms will be used for further consultations with stakeholders. Within the COVID-19 public health emergency situation, the consultation meeting shall be conducted in compliance with the Bank's note on "Public Consultations and Stakeholder Engagement in WB-supported operations when there are constraints on conducting public meetings", to consult communities and reflect their responses in the project design and implementation.

During project identification and preparation, consultations were conducted with beneficiary municipalities in WB&G,



NGOs and government agencies. MDLF documented in the ESMF the consultation process. Consultations with beneficiary communities are conducted on a rolling basis as part of the continuing MDLF project cycle. In addition, before the civil works begin, the involved communities will be consulted.

The Project-affected parties include municipalities in WB&G, poor households and individuals (women and youth) that will benefit from temporary job creation through cash-for-work, and communities that will be affected by the local infrastructure development activities. Other stakeholders may include (i) government agencies, including the Ministry of Local Government, Ministry of Public Works, Ministry of Labor, Palestinian Water Authority, Palestinian Quality Authority, (ii) NGOs providing social services (iii) International agencies including UNRWA and (iv) media and associated interest groups. The project will target disadvantaged and vulnerable individuals and groups such as elderly people, women, youth, disabled and children and their households.

B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
-----------------------------	-----------------------------------	--

"In country" Disclosure

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission for disclosure
-----------------------------	-----------------------------------

"In country" Disclosure

Pest Management Plan

Was the document disclosed prior to appraisal? Yes	Date of receipt by the Bank	Date of submission for disclosure
---	-----------------------------	-----------------------------------



"In country" Disclosure

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)

CONTACT POINT

World Bank

Christopher T. Pablo
Senior Urban Specialist

Borrower/Client/Recipient

Palestine Liberation Organization (For The Benefit of the Palestinian Authority)

Implementing Agencies



Municipal Development Lending Fund (MDLF)
Mohammad Ramahi
Finance Director
mramahi@mdlf.org.ps

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Christopher T. Pablo
----------------------	----------------------

Approved By

Safeguards Advisor:	Gael Gregoire	22-Dec-2020
Practice Manager/Manager:	Jaafar Sadok Friaa	22-Dec-2020
Country Director:	Ranjana Mukherjee	22-Dec-2020